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PUBLIC EMPLOYMENT
RELATIONS BOARD

IN THE MATTER OF INTEREST ARBITRATION

BETWEEN)
)
Woden-Crystal Lake Community School District,)
) Hugh J. Perry, Arbitrator
PUBLIC EMPLOYER,)
)
AND)
) Award issued: August 24, 2004
)
Woden-Crystal Lake Education Association,)
)
)
EMPLOYEE ORGANIZATION.)

APPEARANCES:

FOR Woden-Crystal Lake, CSD:
Susan Lewerke, Superintendent

FOR Woden-Crystal Lake Ed. Assn.:
Steve King, Uniserve Director

BACKGROUND

The Woden-Crystal Lake Education Association represents a bargaining unit comprised of 18.75 FTE educators in the Woden-Crystal Lake Community School District. There is a student enrollment of 159.1 The district shares grades 6-12 with the neighboring district of Titonka. The parties have bargained for a number of years under the Public Employment Relations Act. This year they have resolved all impasse issues for the 2004-2005 contract except for Wages, Leaves of Absence, and Procedures for Staff Reduction which are the subject of this hearing. The parties have agreed to extend the impasse time-lines to allow for completion of arbitration. A hearing was held on August 9, 2004 at the school in Crystal Lake. Following the presentation of documentary evidence, oral testimony and argument, the hearing was closed on that date. In making this award, I have considered the provisions of Section 20.22 (9) of the PERA but will not set forth the provisions here. After consideration of the criteria set forth in this section of the act, the arbitrator is required to select the position on each impasse issue deemed the most reasonable.

One significant obstacle to a settlement this year was a dramatic increase in health insurance. The district pays for an employee's single health insurance coverage. The cost of the insurance obtained through ISEBA was scheduled to increase by 88%. This would have meant a total cost increase of 10% without any wage adjustments. Both parties considered this unacceptable and agreed to a John Deere Insurance plan which essentially cost the same as last years insurance. Deductibles were raised by \$150 for network and \$250 for out-of-network. Potential maximum out -of-pocket expenses increased by \$400 for net work and \$1,000 for out-of-network. Co-pay for prescription drugs increased.

The District's budget for 2003-2004 was \$2,096,813. The tax rate was 14.62986. The District projects a budget next year of \$2,201,527 and a tax rate of 16.32600. This year the district will receive less money from the state than last year, \$15,852, or -1.72%. This is chiefly a function of

declining enrollment (from 240 students in 1995 to 159.1 students in 2003) and the state's decision to move away from a guaranteed level of financial support for schools experiencing declining enrollment. The District has historically ended its fiscal year with an unspent balance or unused spending authority. It completed the 2002-2003 budget year with an unspent balance of \$148,459. The District does have a cash reserve levy allowing it to use some of its unspent balance to cover shortfalls and has recently increased this levy.

IMPASSE ISSUES

The Impasse Issues before the Arbitrator are: ***Wages, Leaves of Absence and Procedures for Staff Reduction.***

WAGES

Current Contract

The current contract provides for a salary schedule as follows:

| Year | BA | BA15 | BA30 | MA |
|-------------|-------|-------|-------|-------|
| 1 | 23400 | 23800 | 24200 | 24600 |
| 2 | 23900 | 24300 | 24700 | 25100 |
| 3 | 24400 | 24800 | 25200 | 25600 |
| 4 | 24900 | 25300 | 25700 | 26100 |
| 5 | 25400 | 25800 | 26200 | 26600 |
| 6 | 25900 | 26300 | 26700 | 27100 |
| Career Pool | 900 | 1075 | 1175 | 1200 |

Once a teacher advances off the schedule he/she moves to the career pool at the end of the lane and receives that amount as a wage increase for the following year. Career pool payments are cumulative. This schedule is somewhat unique. Schedules in most other districts have more steps (from 12 to 20 per lane), larger increments and more lanes. The parties have a history of adding to the base salary and negotiating the career pool amounts separately. The career increments are generally increased in value, but have, on occasion, been reduced. The average teacher salary in this district is \$29,968. Settlements in this District have averaged 3.74% since 1999. Teacher retention in this district has been a problem.

Proposals of the Parties

The **Association** proposes a \$325 increase on the BA base salary and a \$325 increase on the career pool amounts. The Association costs its proposal at \$25,347, a 3.43% total package increase. In support of this position, the Association points out that There are 170 other Iowa districts which will receive no new money for 2004-2005. Of these, 108 have reported settlements to ISEA averaging

4.09%. (IASB reports 91 such districts as having settled for an average of 3.86%.) Titonka, the neighboring district with which this District shares grades 6-12 settled for 4.9% with -1.79% new money.

The Association compared this District with 16 other districts in north central Iowa and an additional group of 5 surrounding schools, larger than this district but considered as they compete for the services of these teachers. The Association's data indicated that District teachers are the lowest paid in the group (average teacher salaries). District teachers make on average \$2,646 less than teachers in the primary comparison group (\$3,188 less than Titonka teachers). The Association's data suggests that its teachers rank the second lowest in average teacher salary in the group. When comparing District teachers with those in the large 5 districts, Crystal Lake teachers are paid \$8,516 below average.

The Association notes if all teachers returned for the 2004-2005 school year its proposal would result in an increased cost of \$25,347. Instead, the District will pay some \$40,000 less in teacher salaries and benefits next year due to the reduction of one and one-half teachers and the replacement of a career teacher with a new teacher. The Association presents this data to demonstrate that the District has the ability to pay for its proposal. The Association contends that its wage proposal is the most reasonable and should be awarded.

The **District** proposes that the current salary schedule not be changed but that teachers on the schedule be allowed to move and that the career increments remain the same as 2003-2004. The District's proposal would cost an additional \$17,800 resulting in a 2.47 % total package increase (The Association characterizes this as a 2.41% increase). The District notes that the tax rate in this district, 16.326 is extremely high and that the effects of declining enrollment on this district have been devastating. It has gone from a student enrollment of 240 in 1995 to 159.1 for 2003-2004. Without a sharing arrangement with Titonka, it is unlikely that the district could survive. The District has utilized nearly every possible funding source, including an increased cash reserve levy and passage of the \$.01 sales tax for infrastructure. It has cut administrative positions as well as teaching positions. It has sought federal and state grants to supplement its regular program monies. The District contends that its base salary is competitive and that its average unspent balance per pupil is among the lowest in the state.

The District notes that it has prepared a bare bones budget and that under the financial conditions that exist its proposal is the most reasonable and should be awarded.

Discussion

Unquestionably, this District is in tight financial shape. Its efforts to remain solvent are commendable. While the costs of running the District and providing competitive wages and benefits to its employees continues to escalate, its primary funding source from the state is in decline. However, this District is not unique. 170 other districts throughout Iowa will experience a decline in state funding for the coming fiscal year. Nevertheless, they have managed to negotiate wage and benefit increases in the neighborhood of 4%, measurably above the proposal of either party to this arbitration. It is fortunate that the parties were able to solve their insurance dilemma and continue an existing benefit without greatly increased cost. However, teachers who are required to use this benefit will be required to pay increased deductibles and higher co-insurance for prescription drugs. The District will accomplish savings of over \$40,000, the result of staff reduction and turnover. The

District's proposal to allow the schedule to be aged will cost \$17,800 and result in a 2.47% package increase. The Association's proposal would add \$345 to the base and \$345 to the career increments. It would cost \$25,347, a 3.43% package increase. A 3.43% increase would still be measurably less than what other districts in similar financial circumstances are settling for this bargaining year. These teachers should be required to share in this District's financial difficulties. However such a burden should not be disproportionate. A 3.43% settlement with increased financial responsibilities with respect to health insurance meets this requirement. Such a settlement, while below the average of those attained by other financially challenged districts, is reflective of this district's financial situation and is within its ability to fund. The Association' wage proposal is the most reasonable position before me. It is awarded.

LEAVES OF ABSENCE

Current Contract

Article 5.0 Leaves of Absence

B. Immediate Family Illness Leave

Employees shall be granted leave of absence, at full pay, for illness in the immediate family not to exceed five (5) days per year. This leave is non-accumulative

Immediate family is defined as wife, husband, child, father or mother

Illness in the immediate family is defined as something which requires professional medical attention. The District may require medical verification of the need for professional medical attention.

D. Funeral or Bereavement Leave.

Up to five (5) days of leave at full pay plus two (2) days without pay per instance will be granted to employees for death in the immediate family. Immediate family is defined as a mother, father, child, husband or wife. This leave is non-accumulative.

Up to Two (2) days of leave at full pay plus two (2) days without pay will be granted for employees to attend the funeral of a brother, sister, mother-in law, father-in-law, grandchild, or grandparents.

Leaves will be granted for funeral attendance of other relatives or close acquaintances.

Proposals of the Parties

The Association proposes that Immediate family in the family illness provision be defined as *parent, parent-in-law, child, spouse or equivalent step-relation* and that immediate family in the funeral or bereavement leave be defined as: *parent, parent-in-law, child, spouse, grandparent, grandchild, sibling, daughter-in-law, son-in-law, or equivalent step-relation* and that the second paragraph of the bereavement provision be deleted. The Association contends that during the course of bargaining it reached a tentative agreement with the District on this language and that, although oral, a

tentative agreement should be given considerable weight. The Association asks that the tentative agreement reached on this issue be affirmed and awarded.

The District proposes that the current family illness and bereavement language continue in the next contract. It disputes the Association's assertion that a tentative agreement was reached on this issue.

Discussion

I agree with the Association that a tentative agreement should be given weight and, absent some mitigating factor, be endorsed by an arbitrator. However, it is unclear that a tentative agreement was reached on this issue. During the course of bargaining many items were discussed and resolved. The best practice is, if possible, to sign off on items as they are agreed upon and remove them from the bargaining table. This was not done here. The District disputes that an agreement was reached on this issue. Bargaining is a give and take process. It is unclear what the District gained by agreeing to the Association leave language proposed. I am reluctant to award the Association language under these facts. The District's position on this issue is the most reasonable. The current leave language should continue into the next contract.

PROCEDURES FOR STAFF REDUCTION

Current Contract

Article 11.0 Procedure for Reduction of Staff

In the event it is necessary to have a reduction in staff, the employer shall determine which employees are to be retained. In making its choice, the employer shall in addition to other factors it considers relevant, (skill, ability, competence, qualification) take into consideration the seniority of an employee. When the employer finds it necessary to have a reduction of staff and when in the sole, exclusive and final judgment of the employer the affected employees have qualifications, considered equal, then the employee with the least district seniority shall be laid off first.

Qualifications as used throughout this agreement shall include most recent written evaluations and other pertinent criteria.

Proposals of the Parties

The Association proposes that there be no changes in the current staff reduction language. It points out that during the course of bargaining it made proposals to more clearly define both qualifications and seniority. Failing to achieve an agreement on its proposals, it took them off the table prior to arbitration. It was somewhat puzzled when the District agreed with its seniority language and advanced this as its proposal at arbitration. The Association contends that seniority and qualifications must be considered together when considering changes to the staff reduction article.

The District proposes the Association definition of Seniority as proposed by the Association during bargaining be implemented into the contract.

Discussion

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The Association proposes that the current language on Staff Reduction continue unchanged in the next contract. It contends that it was seeking to better define and clarify both terms, qualifications and seniority, and that both concepts are critical to the staff reduction language. Had the Association known the District was going to propose its definition of Seniority at arbitration, it indicates that it would have advanced a proposal that included definitions of both qualifications and seniority.

It is clear that there has not been a meeting of the minds on this issue. Rather than award a definition of seniority and still not resolve the issue of qualifications, I will leave the parties as they were and award the Association position. The current language on staff reduction should continue for the next contract.

AWARD

WAGES - The Association proposal, an increase of \$325 on the base salary and \$325 on the career pool

LEAVES OF ABSENCE - The District proposal, no change in the Leave of Absence Language.

PROCEDURES FOR STAFF REDUCTION - The Association proposal. No change in the staff reduction language.

Signed this 24th day of August, 2004


Hugh J. Perry, Arbitrator

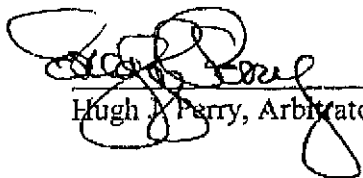
CERTIFICATE OF SERVICE

I certify that on the 24th day of August, 2004, I served the foregoing Award of Arbitrator upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below:

Susan Lewerke
Superintendent
Woden-Crystal Lake CSD
Box 135
Woden, Iowa 50484

Steve King
Uniserve Director
Uniserve Unit 10
818 Broadway Suite 1
Emmetsburg, Iowa 50536

I further certify that on the 24th day of August, 2004, I will submit this award for filing by mailing it to the Iowa Public Employment Relations Board, 514 East Locust Street, Suite 202, Des Moines, Iowa 50309.


Hugh J. Perry, Arbitrator